



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 07-35, Paducah, Kentucky, City Income Tax Withholding

Date: November 28, 2007

To: Holders of TAXES (State of Kentucky only)
Personnel User Groups
T&A Contact Points in Kentucky

Beginning with wages paid for Pay Period 23, the National Finance Center (NFC) will make the following changes to the income tax withholding for the city of Paducah, Kentucky:

- The payroll tax rate will increase from 1.50 percent to 2.00 percent for residents and nonresidents.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

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Kentucky Cities Income Tax Information and Withholding Formula

► Effective Pay Period 23, 2007 ◄

1. Subtract the nontaxable biweekly Federal Employees Health Benefits payment from the gross biweekly wages.
2. Multiply the adjusted gross biweekly wages by 27 to obtain the annual wages.
3. Determine the annual Kentucky city income tax withholding by applying the following guideline to the annual wages.

| Compute the City Income Tax Withholding For: | | By Multiplying the Annual Wages By: | | City Tax Status (Duty Station=DS Residence=R) |
|----------------------------------------------|------------------|-------------------------------------|------------------------|-----------------------------------------------------|
| | State/City Codes | Resident Percentage | Nonresident Percentage | |
| Bowling Green | 21/0350 | 1.85 | 1.85 | DS |
| Covington | 21/0800 | 2.50 ¹ | 2.50 ¹ | DS |
| Florence | 21/1150 | 2.00 ² | 2.00 ² | DS |
| Frankfort | 21/1220 | 1.75 | 1.75 | DS, R |
| Lexington–Fayette | 21/1980 | 2.25 | 2.25 | DS |
| Louisville | 21/2090 | 2.20 | 1.45 | DS |
| Owensboro | 21/2490 | 1.33 | 1.33 | DS |
| Paducah (voluntary) | 21/2520 | ►2.00 | 2.00◄ | |
| Richmond | 21/2750 | 2.00 | 2.00 | DS |

¹ Maximum withholding wage base of **\$97,500** (maximum annual withholding of **\$2,437**).

² Maximum withholding wage base of **\$97,500** (maximum annual withholding of **\$1,950**).

Note: City tax is mandatory unless otherwise indicated.

4. Divide the annual Kentucky city income tax withholding by 27 to obtain the biweekly Kentucky city income tax withholding.